



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-216351

SEPTEMBER 28, 1984

The Honorable Howard Wolpe, Co-Chairman
Environmental and Energy Study Conference



125382

Dear Mr. Chairman:

Subject: Examination of the Financial Statements of
the Environmental and Energy Study Confer-
ence for the Year Ended December 31, 1983
(GAO/AFMD-84-71)

Pursuant to your January 11, 1983, request, we have examined the balance sheet of the Environmental and Energy Study Conference at December 31, 1983, and the related statements of operations and fund balance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the Environmental and Energy Study Conference for the year ended December 31, 1982, were examined by other auditors whose report dated May 27, 1983, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly the financial position of the Environmental and Energy Study Conference as of December 31, 1983, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Conference's financial statements and accompanying notes for calendar year 1983.

Sincerely yours,

for Henry Eschwege
Comptroller General
of the United States

Enclosures

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REPORT ON INTERNAL ACCOUNTING CONTROLS
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Environmental and Energy Study Conference for the year ended December 31, 1983. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances.

We did not identify or complete a study or evaluation of the Conference's internal control system for the purpose of determining the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Conference's financial statements. We concluded that it was more practicable to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1983.

While we did not make an examination of the Conference's internal control system, we did not become aware of any condition during our expanded audit tests which we believe to be a material weakness. In audits where we do make an examination of the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system as a whole.

As a part of our examination we also tested the Conference's compliance with applicable laws and regulations. In our opinion, the Environmental and Energy Study Conference complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Conference was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

ENVIRONMENTAL AND ENERGY STUDY CONFERENCEBALANCE SHEET

	<u>December 31,</u>	
	<u>1983</u>	<u>1982</u>
<u>ASSETS</u>		
Cash in bank	\$212,785	\$256,046
Other assets	<u>-</u>	<u>126</u>
Total assets	<u>\$212,785</u>	<u>\$256,172</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$ 16,216	\$ 6,637
Accrued liabilities	<u>3,496</u>	<u>3,631</u>
Total liabilities	19,712	10,268
Fund balance	<u>193,073</u>	<u>245,904</u>
Total liabilities and fund balance	<u>\$212,785</u>	<u>\$256,172</u>

The accompanying notes in enclosure V are an integral part of this statement.

ENVIRONMENTAL AND ENERGY STUDY CONFERENCESTATEMENT OF OPERATIONS AND FUND BALANCE

	<u>Years ended December 31,</u>	
	<u>1983</u>	<u>1982</u>
Revenues:		
Membership dues	\$73,950	\$115,831
Special assessments	20,563	-
Subscriptions	-	132,431
	<u>94,513</u>	<u>248,262</u>
Expenses: (note 3)		
Salaries and wages	75,736	63,028
Printing and supplies	18,849	15,538
Equipment rental	15,857	7,446
Postage	399	11,291
Office supplies	11,684	9,635
Meetings and official functions	3,950	1,411
Payroll taxes	8,081	6,807
Dues and subscriptions	3,466	4,348
Telephones	6,376	4,832
Professional fees	1,052	3,463
Miscellaneous	1,894	3,220
	<u>147,344</u>	<u>131,019</u>
Income (loss) before extra-ordinary items	(52,831)	117,243
Extraordinary gain (note 4)	-	63,653
Net income (loss)	(52,831)	180,896
Fund balance, beginning of year	<u>245,904</u>	<u>65,008</u>
Fund balance, end of year	<u>\$193,073</u>	<u>\$245,904</u>

The accompanying notes in enclosure V are an integral part of this statement.

ENVIRONMENTAL AND ENERGY STUDY CONFERENCESTATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended December 31,</u>	
	<u>1983</u>	<u>1982</u>
FUNDS PROVIDED		
Operating income	\$ -	\$117,243
Decrease in other assets	126	1,194
Decrease in investments	-	34,222
Increase in accounts payable	9,579	4,424
Increase in accrued liabilities	-	3,631
Extraordinary gain from transfer of deferred liabilities (note 4)	-	63,653
Total funds provided	<u>9,705</u>	<u>224,367</u>
FUNDS APPLIED		
Operating loss	52,831	-
Decrease in deferred sub- scription revenue (note 4)	-	66,868
Decrease in accrued liabilities	<u>135</u>	<u>-</u>
Total funds applied	<u>52,966</u>	<u>66,868</u>
Increase (decrease) in cash	<u><u>\$ (43,261)</u></u>	<u><u>\$157,499</u></u>

The accompanying notes in enclosure V are an integral part of this statement.

ENVIRONMENTAL AND ENERGY STUDY CONFERENCENOTES TO FINANCIAL STATEMENTSDECEMBER 31, 19831. Organization

The Environmental and Energy Study Conference (EESC) is a legislative service organization (LSO), sponsored by a group of congressional Members who pool their resources to pursue a common legislative goal. It operates as an extension of the participating Members' individual offices and coordinates their efforts for reasons of efficiency and effectiveness. Its purpose is to provide its congressional sponsors with information concerning environmental and energy issues affecting federal legislation.

Prior to 1982, EESC was an unincorporated voluntary membership organization comprised of Members of the U.S. Congress and other interested parties. On October 21, 1981 the House Committee on House Administration adopted regulations and rules pertaining to LSOs. These regulations provided that:

--Effective January 1, 1983, a LSO may not use dues or assessments to generate additional income including income from interest-bearing accounts or time deposits.

--Effective January 1, 1983, a LSO may not receive income or contributions from any source other than the Congress or its Members.

2. Accounting policies

Revenues are received for membership dues and special assessments from funds appropriated for Member's allowances. This income is recognized when it is received.

Expenses are recognized when incurred.

The organization is exempted from federal income taxes under section 501(c)(4) of the Internal Revenue Code.

3. Appropriated funds support

Costs for office space, utilities, and salaries of certain staff members are paid from legislative branch appropriations and are not shown in the Conference's financial statements.

4. Related party

The Conference was required to cease its Weekly Bulletin subscription operation to interested parties outside of Congress, to comply with the 1981 House regulations pertaining to sources of

income for LSOs. In October, 1982, a private, non-profit corporation--the Environmental and Energy Study Institute--was founded. The Institute was organized for the educational and charitable purposes of conducting research and educational activities on environmental, energy, and related issues for use by interested parties, both Members of Congress and the general public. The Staff Director of EESC was also the Executive Director of the Institute until April 1984.

The Institute requested the transfer of the Weekly Bulletin mailing list for organizations and people outside the Congress in order to continue the outside subscription operation. In December 1982, the Executive Committee of the Conference agreed to transfer its outside Weekly Bulletin subscription mailing list to the Institute. In return, the Institute assumed the liability for the un-amortized subscription revenues of \$63,653 associated with the mailing list. The December 31, 1982, financial statements of EESC reflect the effect of this transfer.